

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Examine the
Commission's Future Energy Efficiency Policies,
Administration and Programs.

Rulemaking 01-08-028
(Filed August 23, 2001)

**ADMINISTRATIVE LAW JUDGE'S RULING CLARIFYING PROCESS FOR
THIRD PARTY ENERGY EFFICIENCY PROGRAM PROVIDERS TO SELECT
CONTRACTOR TO CARRY OUT EVALUATION, MEASUREMENT AND
VERIFICATION OF 2002-03 LOCAL ENERGY EFFICIENCY PROGRAMS**

In Decision (D.) 02-05-046, the Commission delegated to me the authority to issue rulings related to the selection of Evaluation, Measurement and Verification (EM&V) contractors to evaluate the performance of 2002-03 third party local energy efficiency programs and 2002 Investor Owned Utility local programs. On November 8, 2002, I issued a ruling selecting the potential EM&V contractors from which each provider of local energy efficiency services may solicit bids for EM&V services for their programs.

Since I issued that ruling, several parties have asked for clarification of what my ruling meant in requiring program providers to select the "lowest qualified bidder." I clarify that this term means that the provider shall select the lowest price bid from a "qualified" bidder, provided that bidder appeared on the list appended to my November 8, 2002 ruling (as revised herein). "Qualified" bidders appear on that list; meet the criteria set forth in the Energy Efficiency Policy Manual (Policy Manual), available at http://www.cpuc.ca.gov/PUBLISHED/FINAL_DECISION/11474.htm; and

demonstrate based on their staff qualifications and experience that they have the skills necessary to complete the job in a timely and thorough manner. A program provider may use more than one qualified bidder to perform EM&V, if both bidders are “qualified” and their bids, added together, offer the lowest price.

The Policy Manual specifies the following EM&V objectives of the Commission:

“Measuring level of energy and peak demand savings achieved (except information-only)

“Measuring cost-effectiveness (except information-only)

“Providing up-front market assessments and baseline analysis, especially for new programs

“Providing ongoing feedback, and corrective and constructive guidance regarding the implementation of programs

“Measuring indicators of the effectiveness of specific programs, including testing of the assumptions that underlie the program theory and approach

“Assessing the overall levels of performance and success of programs

“Informing decisions regarding compensation and final payments (except information-only)

“Helping to assess whether there is a continuing need for the program.

* * *

“Not all of the objectives may be applicable to all programs. Implementers¹ are free to propose an EM&V approach that is logical for their program. . . . For the M&V portion of the plan, implementers should adhere to the guidelines in the International Performance Measurement and Verification Protocol (IPMVP), available on the Internet at <http://www.ipmvp.org>.

In addition, the Policy Manual lists the following components for an adequate EM&V plan. All EM&V bids, in addition to discussing and meeting the objectives above, shall also address the components discussed below:

“Table 6.1. Components of an EM&V Plan

<i>“Baseline Information</i>
“. Determine whether or not baseline data exist upon which to base energy savings measurement. Existing baseline studies can be found on the California Measurement Advisory Committee website (http://www.calmac.org/) and/or the California Energy Commission website (http://www.energy.ca.gov/). Detailed sources of baseline data should be cited.
“. If baseline data do not exist, the implementer will need to conduct a baseline study (gather baseline energy and operating data) on the operation(s) to be affected by the energy efficiency measures proposed.
“. If the baseline data do not exist and the implementer can show that a baseline study is too difficult, expensive or otherwise impossible to carry out prior to program implementation, the contractor should then provide evidence that baseline data can be produced or acquired during the program implementation. This process should then be detailed in the EM&V plan.
<i>“Energy Efficiency Measure Information</i>
“. Full description of energy efficiency measures included in the program, including assumptions about important variables and unknowns, especially those affecting energy savings.
“. Full description of the intended results of the measures.
<i>“Measurement and Verification Approach</i>
“. Reference to appropriate IPMVP option.
“. Description of any deviation from IPMVP approach.
“. Schedule for acquiring project-specific data.

¹ Because each program will hire a separate EM&V contractor to review its program, program implementers should ensure that their EM&V contractors perform the functions preceded by the term “Implementers” in the Policy Manual.

<i>"Evaluation Approach</i>
"• A list of questions to be answered through the program evaluation.
"• A list of evaluation tasks/activities to be undertaken during the course of program implementation.
"• A description of how evaluation will be used to meet all of the Commission objectives described above."

Energy Efficiency Policy Manual at 31.

All EM&V bidders listed in the appendix accompanying my November 8, 2002 ruling (as modified herein) that propose to do the foregoing activities in a timely and thorough manner and demonstrate the requisite staff qualifications and experience will be considered "qualified." Once the program implementer has determined that an EM&V bidder is "qualified," then it shall select the lowest price bidder from among the qualified bidders' proposals.

I also slightly modify the list that accompanied the November 8, 2002 ruling to change the list of EM&V contractors from which program providers may seek bids. The modified list appears as Appendix A hereto; changes are in italics. No contractor or individual not on the list may provide any EM&V work – including subcontracted work – for a program for which it is not listed as an approved contractor. Because the list accompanying this ruling excludes contractors with links to programs that might affect their ability to provide a fully independent evaluation, allowing contractors not on the list to assist listed contractors might compromise this independence.

In view of this ruling's clarifying information, it makes sense to give providers more time to solicit EM&V bids. Therefore, I change the deadlines as follows: No later than December 31, 2002 (modified from December 10, 2002), each program shall submit to the Commission's Energy Division by e-mail to ewk@cpuc.ca.gov, and to the IOU administering its program, the name of the lowest qualified bidder as that term is defined herein. Unless it receives a

negative response from the Commission's Energy Division to its selection on or before January 10, 2003 (modified from December 20, 2002), the program sponsor may then work with the EM&V contractor directly to commence EM&V activities.

Under the terms of the template contract I issued in this proceeding, available at <http://www.cpuc.ca.gov/PUBLISHED/RULINGS/17057.htm>, the selected EM&V contractor for each program shall submit its EM&V plan to the program implementer and to ewk@cpuc.ca.gov no later than 30 days after EM&V contractor selection. On request, the program implementer shall forward the EM&V plan to the IOU administering its program.

Parties shall direct any questions regarding this ruling to the Energy Division's Eli Kollman at (415) 703-5649 or ewk@cpuc.ca.gov.

IT IS ORDERED that:

1. "Qualified" EM&V bidders for 2002-03 local energy efficiency programs meet the criteria in the Energy Efficiency Policy Manual, available at http://www.cpuc.ca.gov/PUBLISHED/FINAL_DECISION/11474.htm; are listed in my November 8, 2002 ruling entitled *Administrative Law Judge's Ruling Creating List of Evaluation, Measurement and Verification Contractors for 2002-03 Local Energy Efficiency Programs*, available at <http://www.cpuc.ca.gov/PUBLISHED/RULINGS/20779.htm> (as revised herein), and demonstrate the requisite staff qualifications and experience to carry out the functions listed in the Energy Efficiency Policy Manual in a timely and thorough manner.
2. Local energy efficiency program providers for 2002-03 shall choose as their EM&V provider the bidder listed in my November 8, 2002 ruling (as modified in

Appendix A to this ruling) with the lowest price that is also qualified pursuant to the criteria listed in the foregoing paragraph.

3. A program provider may use more than one qualified bidder to perform EM&V, if both bidders are “qualified” and their bids, added together, offer the lowest price.

4. A modified list of acceptable EM&V bidders for each program is attached hereto as Appendix A. Changes are italicized. No contractor or individual not on the list may provide any EM&V work – including subcontracted work – for a program for which it is not listed as an approved contractor.

5. No later than December 31, 2002 (changed from December 10, 2002), after soliciting bids from EM&V contractors listed in my November 8, 2002 ruling (as modified herein), each program shall submit to the Commission’s Energy Division by e-mail to ewk@cpuc.ca.gov, and to the IOU administering its program, the name of the lowest qualified bidder as defined in paragraphs 1 and 2 above.

6. Unless it receives a negative response from the Commission’s Energy Division to its selection on or before January 10, 2003 (changed from December 20, 2002), the local energy efficiency program sponsor may begin work directly with the EM&V contractor it selects to commence EM&V activities.

7. The selected EM&V contractor for each program shall submit its EM&V plan to the program implementer and to ewk@cpuc.ca.gov no later than 30 days after EM&V contractor selection. On request, the program implementer shall forward the EM&V plan to the IOU administering its program.

Dated November 27, 2002, at San Francisco, California.

/s/ SARAH R. THOMAS

Sarah R. Thomas
Administrative Law Judge

APPENDIX A**Page 1****EM&V CONTRACTORS**

Proposal Number	Proposal Sponsor	Program Title	Approved EM&V Contractor (In No Particular Order)				
118	ADM Associates, Inc	Mobile Energy Clinic Program	Quantum	RER	Xenergy	Robert Mowris and Associates	
119	ADM Associates, Inc	Upstream High Efficiency Gas Water Heater Program	Quantum	RER	Xenergy	Robert Mowris and Associates	
142	Alliance to Save Energy	Green Schools, Green Communities	Nexant	Zebadee & Associates	Shel Feldman	Vanward Consulting	
171	American Synergy Corporation	Comprehensive Hard-to-Reach Mobile Home Energy Savings	Stellar Processes Inc	Alternative Energy Systems Consulting	Aspen Systems	Business Economic Analysis and Research	<i>Robert Mowris and Associates</i>
201	American Synergy Corporation	Comprehensive Hard-to-Reach Mobile Home Energy Savings	Stellar Processes Inc	Alternative Energy Systems Consulting	Aspen Systems	Business Economic Analysis and Research	<i>Robert Mowris and Associates</i>
244	ASW Engineering	The Energy Savers Program	Aspen Systems	Occidental Analytical Group	Nexant	Sisson & Associates	
172	California Building Performance Contractors Association	Comprehensive Whole-House Residential Retrofit Program	Lutzenhiser & Associates	RER	Energy Market Innovations	Summit Blue	

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Proposal Number	Proposal Sponsor	Program Title	Approved EM&V Contractor (In No Particular Order)			
311	California State University Chancellor's Office	California State University Energy Efficiency Program Proposal	<i>Aloha Systems</i>			
230	California State University Fresno	Agriculture Pumping Efficiency Program	Equipoise Consulting	Energy Nexus Group	Nexant	Aspen Systems
162	California Urban Water Conservation Council	Pre-Rinse Spray Head Installation Program for the Food Service Industry Proposal	ASW Engineering	Quantum	SBW Consulting	Stellar Processes
234	CHEERS	Building Department and Small Builder Title 24 Standards Training	Sisson & Associates	Ridge & Associates	Summit Blue	The Holding Group
116	City of Davis	Davis Comprehensive Energy Efficiency Program (DCEEP)	RER	RLW Analytics	Nexant	Heshong Mahone Group
284	City of San Diego	Whole House Energy Retrofit Incentive Program	Aloha Systems	Energy Nexus Group	RER	Business Economic Analysis and Research
203	City of Stockton / InSync	Stockton Area Comprehensive Local Proposal	Xenergy	RER	Davis Energy Group	Energy and Environmental Economics
156	County of Los Angeles	The County of Los Angeles Internal Services Division Energy Efficiency Program	<i>Aloha Systems</i>			
292	D&R International	Appliance and Lighting Products in Residential New Construction	Quantec LLC	RER	Xenergy	Power Logic

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Proposal Number	Proposal Sponsor	Program Title	Approved EM&V Contractor (In No Particular Order)			
99	Ecology Action of Santa Cruz	Small Business Energy Efficiency Program	Xenergy	RER	Davis Energy Group	Newcomb Anderson Associates
245	Ecos Consulting	LiteVend Program	RER	Quantec	Research into Action	Sisson & Associates
258	Ecos Consulting	Energy Star CFL Program for Small Hardware and Grocery Retailers	RER	Quantec	Research into Action	Sisson & Associates
258	Ecos Consulting	Energy Star CFL Program for Small Hardware and Grocery Retailers	RER	Quantec	Research into Action	Sisson & Associates
141	Electric & Gas Industries Association	A Proposal to Develop & Administer an Interest Rate Buy-Down for the Installation of High Efficiency HVAC Equipment	Davis Energy Group	Energy Market Innovations	Summit Blue	Stellar Processes
208	Energy Controls Inc	Local Small Commercial Energy Efficiency & Market Transformation Program	Occidental Analytical Group	Robert Mowris & Associates	Stellar Processes	Nexus Market Research
98	Energy Analysis Technologies	Residential Duct Services Program	Kodiak Enterprises	League of California Homeowners	Quantum Consulting	Occidental Analytical Group
232	Energy Coalition	The Energy District Approach for Sustainable Energy Efficiency in California	Aloha Systems Inc	Shel Feldman Management Consulting	ASW Engineering	The Holding Group
148	Energy Solutions	LightWash	Equipoise Consulting	Xenergy	Quantec	RER
243	EnSave Energy Performance Inc	California Variable Speed Drive Farm Program	RLW	kW Engineering	ADM Associates	SBW Consulting

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Proposal Number	Proposal Sponsor	Program Title	Approved EM&V Contractor (In No Particular Order)			
113	Fisher-Nickel Inc	Energy Efficiency in Commercial Food Service	Equipoise Consulting	Energy Solutions	Quantum Consulting	ADM Associates
126	Frontier Associates	Green Building Technical Support Services	Davis Energy Group	Shel Feldman Management Consulting	The Holding Group	Equipoise Consulting
180	GeoPraxis	Time-of-Sale Home Inspection Proposal	Rick Ridge & Associates	Robert Mowris & Associates	Lutzenhiser & Associates	Nexus Market Research
130	Geothermal Heat Pump Consortium	Proposal to Promote Geoexchange to SCE Customers	Global Energy Partners	RER	Quantec	Stellar Processes
248	Global Energy Partners, LLC	Energy Efficiency Services for Electricity Consumption and Demand Reduction in Oil Production in the State of California	Nexant	RER	Quantec	SBW Consulting
278	Global Energy Services	Chinese Language Efficiency Outreach (CLEO)	ASW Engineering	Digital Energy	Robert Mowris & Associates	Power Logic
255	Heschong Mahone Group	Efficient Affordable Housing Program	Xenergy	Nexant	Robert Mowris & Associates	Aspen Systems
134	ICF Associates Inc	Partnership for Energy Affordability in Multi-Family Housing	Nexant	Quantum	Xenergy	Energy Market Innovations
218	ICF Associates Inc	Demand Control Ventilation Pilot Program	Nexant	Quantum	Xenergy	Energy Market Innovations

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Proposal Number	Proposal Sponsor	Program Title	Approved EM&V Contractor (In No Particular Order)			
184	Local Government Commission	Regional Energy Authority Pilot Projects	Summit Blue	Robert Mowris & Associates	Ridge and Associates	Heshong Mahone Group
237	PECI	Proposal for Delivering Energy Efficiency Services to Local Independent Grocery Sector	Quantum	ADM Associates	RER	Aspen Systems
290	Proctor Engineering Group Ltd.	Check Me	RER	kW Engineering	SBW Consulting	Power Logic
106	Quantum Consulting Inc	Municipal Wastewater Retro-Commissioning	RER	<i>Energy and Environmental Economics</i>	SBW Consulting	Power Logic
174	Quantum Consulting Inc	The Oakland Energy Partnership Program	RER	<i>Energy and Environmental Economics</i>	SBW Consulting	Power Logic
179	Richard Heath & Associates, Inc.	Proposal to Provide A Small Nonresidential Energy Fitness Program	RER	Xenergy	Robert Mowris & Associates	Stellar Processes
287	Richard Heath & Associates, Inc.	Mobile Home Energy Efficiency & Education Program	Business Economic Analysis and Research	Power Logic	Robert Mowris & Associates	Stellar Processes
182	Rita Norton & Associates	South Bay Communities & Affiliates Energy Efficiency Program	Global Energy Partners	kW Engineering	SBW Consulting	Quantec LLC
125	RLW Analytics Inc	The Energy Savers Program	Aspen Systems	Occidental Analytical Group	Nexant	Sisson & Associates

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Proposal Number	Proposal Sponsor	Program Title	Approved EM&V Contractor (In No Particular Order)			
300	San Diego Regional Energy Office	San Diego Public Agency Information and Technical Support Program	Nexant	Zebadee & Associates	RER	Aspen Systems
301	San Diego Regional Energy Office	San Diego Region Energy Resource & Education Center	Nexant	Zebadee & Associates	RER	Aspen Systems
303	San Diego Regional Energy Office	San Diego Region Cool Communities Shade Tree Program Proposal	Nexant	Zebadee & Associates	RER	Aspen Systems
304	San Diego Regional Energy Office	San Diego Region Agriculture, Water and Energy Progm	Nexant	Zebadee & Associates	RER	Aspen Systems
305	San Diego Regional Energy Office	San Diego Region Direct Install Small Commercial Program	Nexant	Zebadee & Associates	RER	Aspen Systems
306	San Diego Regional Energy Office	San Diego K-12 Energy Education Program	Nexant	Zebadee & Associates	Shel Feldman	Vanward Consulting
97	SBW Consulting, Inc.	Compressed Air Management Program	Ridge & Associates	Equipoise Consulting	Sisson and Associates	Davis Energy Group
197	SESCO, Inc.	The Gas-Only Multi-family Gas Program	Occidental Analytical Group	Robert Mowris & Associates	Winegard	Summit Blue
177	State & Consumer Services Agency	Proposal for a Local K-12 Schools Energy-Efficiency Program	Ridge & Associates	Equipoise Consulting	Shel Feldman	Vanward Consulting
144	Xenergy	Energy Efficient Local Government Partners Program	Energy & Environmental Economics	kW Engineering	Quantec	Business Economic Analysis and Research

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Proposal Number	Proposal Sponsor	Program Title	Approved EM&V Contractor (In No Particular Order)			
202	Xenergy	Comprehensive Compressed Air Program	Energy & Environmental Economics	kW Engineering	Quantec	Business Economic Analysis and Research
11	PGE	School Resources Program	Equipoise Consulting	Ridge & Associates	Vanward Consulting	The Holding Group
15	PGE	Energenius	Equipoise Consulting	Ridge & Associates	Vanward Consulting	The Holding Group
19	PGE	Pacific Energy Center (PEC)	Newcomb Anderson Associates	Ridge & Associates	Alternate Energy Systems Consulting	Stellar Processes
37	SCE	Residential In-Home Energy Survey Program	Quantum Consulting	KVDR Research Consulting	Global Energy Partners	The Holding Group
40	SCE	Small Nonresidential Hard to Reach Program	Alternative Energy Systems Consulting	R M Engineering	Quantec LLC	RLW Analytics
42	SCE	Pump Tests & Hydraulic Services Program	Equipoise Consulting	HDR Engineering	Aloha Systems	CGM Engineering
43	SCE	Demonstration & Information Transfer	Ridge & Associates	Energy Market Innovations	Opinion Dynamics Corporation	Shel Feldman
44	SCE	Local Government Initiative	Wirtshafter Associates	Newcomb Anderson Associates	Research Into Action	RER

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Proposal Number	Proposal Sponsor	Program Title	Approved EM&V Contractor (In No Particular Order)			
45	SCE	Codes & Standards Program	RLW Analytics	Newcomb Anderson Associates	Global Energy Partners	Ridge and Associates
83	SCG	Nonresidential Financial Incentives Program	Quantum Consulting	RLW Analytics	RER	Nexus Market Research
84	SCG	Diverse Markets Outreach Program	Quantum Consulting	RLW Analytics	RER	Nexus Market Research
63	SDGE	Hard to Reach Lighting Turn In Program	Quantum Consulting	RLW Analytics	RER	Nexus Market Research
64	SDGE	In-Home Audits Program	Quantum Consulting	RLW Analytics	RER	Nexus Market Research
65	SDGE	Small Business Energy Assessments	Alternative Energy Systems Consulting	R M Engineering	Quantec LLC	RLW Analytics
66	SDGE	EZ Turnkey Program	Alternative Energy Systems Consulting	R M Engineering	Quantec LLC	RLW Analytics
70	SDGE	Codes and Standards	Quantum Consulting	RLW Analytics	RER	Nexus Market Research

(END OF APPENDIX A)

CERTIFICATE OF SERVICE

I certify that I have by mail, and by electronic mail, to the parties to which an electronic mail address has been provided, this day served a true copy of the original attached Administrative Law Judge's Ruling Clarifying Process for Third Party Energy Efficiency Program Providers to Select Contractor to Carry Out Evaluation, Measurement and Verification of 2002-03 Local Energy Efficiency Programs on all parties of record in this proceeding or their attorneys of record.

Dated November 27, 2002, at San Francisco, California.

/s/ TERESITA C. GALLARDO

Teresita C. Gallardo

N O T I C E

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.

The Commission's policy is to schedule hearings (meetings, workshops, etc.) in locations that are accessible to people with disabilities. To verify that a particular location is accessible, call: Calendar Clerk (415) 703-1203.

If specialized accommodations for the disabled are needed, e.g., sign language interpreters, those making the arrangements must call the Public Advisor at (415) 703-2074,

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Proposal Number	Proposal Sponsor	Program Title	Approved EM&V Contract (In No Particular Order)
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TTY 1-866-836-7825 or (415) 703-5282 at least three working
days in advance of the event.